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REPORT

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City Posts Large Increase In Workforce

Since January 1994, employee levels in the City of Boston have increased by 1,102 or 5.7%, bringing the total number of employees paid from all funds to 20,588 as of January 1996. Almost 75% of this increase occurred in the last year with the addition of 799 employees in the City. The increase over the last two years is primarily due to the priorities set by the Mayor in the service areas of education (+609), police (+256), hospitals (+133) and community centers (+102). The City workforce is divided into city or internally-funded positions and grant or externally-funded positions. Of the 1,102 increase, 914 or 82.9% were added to the city-funded workforce and 188 or 17.1% were added to the grant-funded workforce. These increases brought the city-funded workforce up to 18,277 and the grant-funded workforce to 2,311 in January 1996. The combination of this rise in employee levels and collective bargaining salary increases accounts for an overall increase in city-funded salary expenses of \$62.6 million or 9.4% in just two years. This growth comes after five consecutive years (1989-1993) of decline in total employees. Most of the reduction during these five years occurred in Health and Hospitals (-1,101) as it worked to remain competitive in the changing health care environment and move to a smaller facility, and city departments (-867) in response to the recession and cuts in local aid.

Growth in the City's revenues should not automatically trigger increases in the city payroll. Efforts should be made by the Menino Administration to maintain a stable workforce level as it expands services and launches new initiatives. A stable workforce will prevent sharp changes in service levels during times of financial difficulties. Greater utilization of technology, reallocating funds from less-effective programs to new priorities, strict management of existing work rules and utilizing competitive service delivery can assist in controlling employee levels while delivering basic services more cost effectively. Upcoming collective bargaining negotiations should be approached aggressively to gain more efficiencies for the City.

All employee levels are in full-time equivalencies (FTE's) and are reported as of January 1 of each year.

CITY OF BOSTON PERSONNEL SUMMARY
FULL-TIME EQUIVALENCIES (FTE'S)

	INTERNAL FUNDS				CHANGE 1/94-1/96	% CHANGE 1/94-1/96	CHANGE 1/95-1/96	% CHANGE 1/95-1/96
	1/89	1/94	1/95	1/96				
CITY DEPARTMENTS	4,112.0	3,355.2	3,406.0	3,599.1	243.9	7.3%	193.1	5.7%
FIRE DEPARTMENT	1,793.0	1,718.5	1,715.5	1,683.5	(35.0)	-2.0%	(32.0)	-1.9%
POLICE DEPARTMENT	2,603.0	2,567.0	2,660.0	2,822.5	255.5	10.0%	162.5	6.1%
HEALTH & HOSPITALS	3,648.6	2,547.8	2,550.2	2,680.8	133.0	5.2%	130.6	5.1%
SCHOOL DEPARTMENT [1]	7,503.5	6,827.2	7,047.4	7,436.5	609.3	8.9%	389.1	5.5%
SUB-TOTAL	19,660.1	17,015.7	17,379.1	18,222.4	1,206.7	7.1%	843.3	4.9%
SUFFOLK COUNTY [2]	490.5	348.0	57.0	55.0	(293.0)	-84.2%	(2.0)	-3.5%
TOTAL INTERNAL	20,150.6	17,363.7	17,436.1	18,277.4	913.7	5.3%	841.3	4.8%
EXTERNAL FUNDS								
CITY/COUNTY [2]	527.3	1,213.3	1,503.3	1,527.5	314.2	25.9%	24.2	1.6%
SCHOOLS	857.9	909.1	849.4	783.3	(125.8)	-13.8%	(66.1)	-7.8%
TOTAL EXTERNAL	1,385.2	2,122.4	2,352.7	2,310.8	188.4	8.9%	(41.9)	-1.8%
GRAND TOTAL	21,535.8	19,486.1	19,788.8	20,588.2	1,102.1	5.7%	799.4	4.0%
CHANGE OVER PRIOR YEAR	N/A	N/A	302.7	799.4				

[1] BPS figures may not tie out to previous Bureau Reports due to revisions in expense codes in an effort to provide more accurate employee data.

[2] In FY94, a state grant shifted approximately 600 employees to the grant-funded payroll of the City.

Sources: City of Boston Personnel Statistics Reports, Boston Public Schools Position Control Reports, Department of Health and Hospitals, Human Resources



City Departments Post Significant Increase

City-funded departmental employees (excluding Hospitals, Schools and County) have grown by 464 or 6.1% since January 1994. Approximately 70% of this growth occurred over the last year. This increase brings the internal departmental workforce to 8,105, the highest since 1991. The growth in city departments can be found primarily in the areas of: police (+256), community centers (+102) and public works (+53). In the Police Department, four new classes of cadets have been added to the payroll during the Menino Administration's first two years. Community Centers have expanded their hours of operation and their youth programs and have opened new facilities since 1994. The Public Works Department added temporary full-time laborers in an effort to reduce overtime costs.

Most departments posted minor changes in employee levels, with the exceptions of the Fire Department which lost 35 employees and the Traffic Division which reduced its workforce by 15 over the last two years. The drop in the Fire Department occurred as the City pursued an audit of this Department in 1994 and 1995. As a result, no new classes of firefighters have been added to the payroll, allowing normal attrition to account for the drop. The audit was completed in October 1995, and included specific recommendations for staffing reductions which have not been implemented at this time. The Traffic Division transferred employees involved in the central artery project to grant funds made available by the State.

Suffolk County Transfer In Funding

Due to funding changes, over the last two years the Suffolk County city-funded workforce dropped by 293 positions. This is a direct result of the State assuming more financial responsibility for county corrections. In January 1994 prior to the change in funding, city-funded county employees totaled 348, primarily made up of jail and corrections employees. In January 1996, only 55 employees from the Registry of Deeds and those individuals responsible for county health insurance and workers compensation were paid by the City. Overall, city and grant-funded county employees decreased by 13 last year and increased by 9 since 1994.

Hospital Trend Reverses

The Department of Health and Hospitals (DH&H) workforce increased by 133 or 5.2%, since January 1994, bringing the total workforce to 2,681. Approximately 98% of this increase was recorded over the last year, with the addition of 131 employees. The DH&H is made up of Boston City Hospital (BCH), with 2,472 employees and Boston Specialty Rehabilitation Hospital (BSRH) with 209 employees as of January 1996. BSRH has remained relatively flat (+9) while BCH posted a significant employee increase (+124) since 1994. The increase at BCH is due to the growth in in-patient volume following the re-opening of the new Boston City Hospital facility and the expansion of Emergency Medical Services (EMS). In the five years prior to 1994, DH&H payroll was cut by 1,101 employees or 30.2% as the Department worked to remain competitive in a changing health care market as well as prepared to move into a smaller facility.

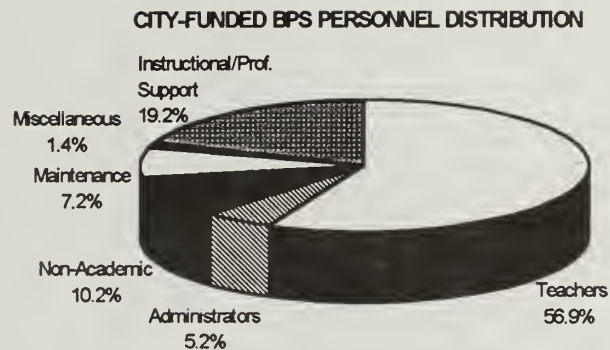
Emergency Medical Technicians (EMTs) and Paramedics represented 61.7% of DH&H growth during the last two years, adding 82 employees to the payroll, for a total of 576 employees. This increase resulted from initiatives to expand EMS, improve the average emergency response times involving the most acute patients and to reduce overtime. As of January 1996, Boston EMS claimed an average response time for the most acute patients of a little over 11 minutes, an improvement of almost four minutes. Boston EMS expects to add 30 to 35 new EMT positions in February 1996. Other areas of increase include: Labor/Service/Environment (+31), Registered Nurses (+30) and Nurse Managers (+21). The increase in the first category reflects the reorganization of housekeeping services and the transfer of the security force from a contract to the hospital payroll. Registered Nurses grew because of increases in in-patient volume, efforts to cut overtime and reducing the reliance on nurses on contract. Nurse Managers were added to better manage nursing services.

Over the last two years, DH&H has reduced the number of Licensed Practical Nurses (LPN) (-23), clerical workers (-21) and administration (-7). The LPN reduction is a continuation of the policy to use more RN's. Clerical and administrative workers were cut, leaving vacant positions unfilled.

School Department Leads In Growth

The Boston Public Schools (BPS) added 609 employees to the city-funded payroll since 1994, a jump of 8.9%. This brings the BPS workforce to 7,437 as of January 1996, the highest since 1989 when the payroll totaled 7,504. The Mayor's commitment to education, the Boston Teachers Union (BTU) contract, accreditation needs and increases in student enrollment are the primary factors for this increase.

Of the 609 employees added, about half or 304 were teachers. The majority of teachers (+219) were added to the payroll over the last year, bringing the total number of teachers in the system to 4,232 in January 1996. Specialist teachers (+107) and regular education teachers (+87) accounted for the large teacher growth since 1994. The increase in specialist teachers is attributable to the BTU contract which added a fifth planning and development period at the elementary level. The increase in regular education teachers is primarily due to increases in enrollment during this time.



Instructional support is the second largest growth area for the BPS, increasing by 192 since 1994. Within instructional support, special education aides (+78), guidance counselors (+26), field coordinators (+22), instructional aides (+21) and bilingual aides (+21) have recorded the largest increases. The increase in classroom aides was a response to the growing enrollment in the respective areas. Guidance counselors were increased to address specific accreditation issues at the high school level. Field coordinators grew because of the re-classification of bilingual language testers.

Non-academic employees have grown by 83 over the last two years, bringing this category to 756. The addition of 40 bus monitors, 22 nurses and 10 health aides have been the major reasons for this increase. An increase in special education enrollment resulted in the bus monitor increase, while provisions of the BTU contract required the addition of health aides. During this time, efforts to transfer nurses from the BPS to the BCH payroll failed, resulting in the increase on the school payroll.

Lastly, total administrators in the BPS grew by 28 over the last year for a total workforce of 384 in January 1996. Most of the growth occurred in high school administration as steps were taken to address accreditation issues. Administrators make up 5.2% of the total school workforce and 94.5% are assigned to the elementary, middle, high school and special levels.

Future Of Grant Payroll Remains Unclear

Employees funded by grants (schools, city and county) have increased by 188 since 1994, bringing total grant-funded employees to 2,311. Most of this increase is attributable to the transfer of Suffolk County employees from the internal payroll to the grant payroll due to funding changes. Grant-funded positions in city departments have remained relatively stable, increasing by 12 over the last two years. The School Department's use of grant-funded positions has dropped by 126 since 1994 due to changes in Title 1 funding which allocated more funds to fewer schools necessitating less employees. Expected changes in federal funding levels most likely will reduce further the number of grant-funded positions.

Personal Services

In fiscal 1996, the City estimates that it will spend \$731.6 million on city-funded employee salaries, not including benefits. This represents an increase of \$62.6 million or 9.4% in just two years. Approximately \$42 million or 67% of the increase occurred in the last year. The table below highlights the breakdown of personal service expenditures by general areas. The City projects that 58.9% of its fiscal 1996 budget will be spent on employees' salaries.

PERSONAL SERVICE EXPENDITURES							
FIGURES IN 000'S							
	FY94	FY95	BUDGET FY96	CHANGE FY94-96	% CHANGE	CHANGE FY95-96	% CHANGE
CITY	\$295,441	\$318,514	\$332,438	\$36,997	12.5%	\$13,924	4.4%
HEALTH & HOSPITALS	101,399	104,945	111,333	\$9,934	9.8%	\$6,388	6.1%
SCHOOL	261,838	261,204	286,397	\$24,559	9.4%	\$25,193	9.6%
SUFFOLK COUNTY	10,334	4,984	1,467	(\$8,867)	-85.8%	(\$3,517)	-70.6%
PERSONAL SERVICE TOTAL	\$669,012	\$689,647	\$731,635	\$62,623	9.4%	\$41,988	6.1%
AS % DEPARTMENTAL TOTAL	59.7%	58.6%	58.9%				
DEPARTMENTAL EXPENDITURES	\$1,120,252	\$1,176,649	\$1,241,946				

Conclusion and Recommendations

Given the stated priorities of the Menino Administration in its budget over the past two years, workforce increases in the service areas of education, police and community centers should not be a surprise. However, a net increase of 1,102 positions or 5.7% since January 1994 is of concern. Salaries alone account for about 60% of the City's departmental expenditures. The growth of positions on the payroll and salary increases through collective bargaining agreements have combined to increase city-funded salary expenses by \$62.6 million or 9.4% in just two years. This growth has been made possible by increases in the City's general fund revenues during this time. Nevertheless, city officials should be cautious in expanding Boston's service base. The City relies on state aid for 26.4% of its general fund revenue in fiscal 1996. State tax revenue, which helps fund local aid, has grown at a declining rate in each of the last three years and is projected to increase by only 4.0% in the Governor's proposed fiscal 1997 budget. Also, the City will have to address the impact of expected decreases in federal funds over the next few years. The Bureau, therefore, makes the following recommendations:

1. The Menino Administration should strive to maintain a stable workforce level as it expands services and launches new initiatives. Payroll growth in some services should be countered by reductions in other areas. Greater utilization of technology, reallocating funds from less-effective programs to new priorities, strict management of union contract provisions and utilizing competitive service delivery can assist in controlling employee levels while delivering basic services more effectively.
2. Upcoming collective bargaining negotiations should be approached aggressively by the Administration to secure more efficient work rule and service efficiencies for the City. The City should expect limited resource growth for the remainder of the 1990s making it necessary to provide basic services more efficiently and cost-effectively. In this environment, salary increases and benefit changes should only be accepted in return for needed management improvements. The collective bargaining contracts with most of the large unions will expire on June 30, 1996. This will give the Administration the ability to negotiate standard management improvements in most contracts as well as needed changes in each individual contract. During the last round of negotiations, the Menino Administration focused its attention primarily on residency and health care changes.
3. The Department of Health and Hospitals should continue to identify opportunities to reduce positions in its efforts to reduce the costs of BCH and make it more competitive with the other Boston teaching hospitals. The costs for BCH are among the highest in the state, making cost control imperative. The net increase of 133 positions over the past two years is the opposite direction that the Department should be heading. The reasons for the personnel increases appear to be based on good management practices and service needs. Even so, the overall trend for the Department should be reduction not increase.
4. The Menino Administration should identify which of the fire audit recommendations it will accept and establish a public timetable for implementation. The fire audit prepared by MMA Consulting was received in October 1995 and contained staffing recommendations that would reduce positions in certain areas in an effort to improve the efficiency of the Department. No new classes of firefighters have been added pending review and implementation of the audit recommendations.